

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES

Before the Commissioner of the Office of Financial and Insurance Services

In the matter of:

Prime Plus Mortgage, Inc.,

Enforcement Case No. 05-3011

License No.: FL-2011,

Respondent.

CONSENT ORDER REQUIRING COMPLIANCE
AND PAYMENT OF CIVIL FINES

Issued and Entered,
This 18th day of SEPTEMBER, 2006.
By Richard D. Lavolette,
Chief Deputy Commissioner

Based upon the Stipulation to Entry of Consent Order and the files and records of the Office of Financial and Insurance Services ("OFIS") in this matter, the Commissioner FINDS and CONCLUDES that:

1. The Commissioner has jurisdiction and authority to adopt and issue this Consent Order in this proceeding, pursuant to the Michigan Administrative Procedures Act of 1969 ("MAPA"), as amended, MCL 24.201 *et seq.*, and the Mortgage Brokers, Lenders, and Servicers Licensing Act ("MBLSLA"), 1987 PA 173, as amended, MCL 445.1651 *et seq.*
2. All required notices have been issued in this case, and the notices and service thereof were appropriate and lawful in all respects.
3. Acceptance of the parties' Stipulation to Entry of Consent Order is reasonable and in the public interest.
4. All applicable provisions of MAPA have been met.
5. Prime Plus Mortgage, Inc. ("Respondent") violated MCL 445.1652(4), MCL

445.1671(1)-(2), MCL 445.1672(a), and MCL 445.1673(1).

NOW THEREFORE, based upon the parties' Stipulation to Entry of Consent Order and the facts surrounding this case, IT IS ORDERED THAT:

1. The Stipulation to Entry of Consent Order submitted by the parties to the Chief Deputy Commissioner is hereby ACCEPTED.
2. Respondent shall CEASE AND DESIST from violating MCL 445. 1652(4), MCL 445.1671(1)-(2), MCL 445.1672(a), and MCL 445.1673(1).
3. Respondent shall pay to the OFIS, a civil fine in the amount of \$2,000.00. The civil fine shall be paid on or before 30 days from the date of entry of this Order.
4. Within 30 days of this order, Respondent shall conduct and complete a review of its closed, withdrawn, and denied files for the period of September 15, 2002 to present and identify and make refunds to those consumers who were overcharged for credit reports. The refund amount to consumers shall be the difference between the charges imposed by Respondent and the actual expense incurred. Thereafter, the President of Respondent shall file with OFIS, within 30 days, a signed, written report containing the following information: 1) a statement that Respondent has completed the above review and refund process; 2) identification of the consumers to whom refunds have been made; and 3) a description of the nature of the overcharge and the amount refunded.
5. Respondent shall not utilize independent contractors for mortgage loan origination unless they are: 1) licensed or registered under the MBLSLA; 2) exempted from the MBLSLA under Section 25; or 3) licensed as a class I licensee under the Consumer Financial Services Act..
6. Respondent shall review and comply with the OFIS Consumer Finance Bulletin No. 2003-09-CF, posted on the OFIS website, which clarifies OFIS' position on employees and branch offices in Michigan. Respondent agrees that it will provide written notice to OFIS within 30 days of opening or closing a branch office that will be conducting activity subject to the MBLSLA. The notice shall include the street address, business telephone number, and name of the branch manager of the branch that is being opened or closed.
7. Respondent shall create and maintain a loan log of each application taken by

Respondent. At a minimum, the loan log shall contain the following information: the borrower name; subject property address; loan application date; loan amount; loan status, such as closed, denied, withdrawn, or rescinded; lien position, such as first, second, or subsequent; loan officer name; originating branch office, if applicable; closing date; whether the loan is purchase money or refinance; whether the subject property is owner occupied, investment property, or second home; who the loan was sold or assigned to, if applicable; loan number, or other unique identifier; and the originating broker, if applicable.

8. Within 90 days of the entry of the attached Order, Respondent shall develop and maintain a comprehensive written employee Policy and Procedures Manual clearly delineating the mortgage loan process and all statutes, ordinances, rules, and regulations that govern the activity of its employees.

9. Within 90 days of the entry of the attached Order, Respondent shall develop, implement, and maintain a comprehensive written Quality Control and Compliance Program. The Quality Control and Compliance Program shall include internal and external audits and, at a minimum, shall:

- a. Appoint a compliance officer with knowledge, authority, and accountability who will be responsible for administering Respondent's compliance program.
- b. Define the duties and responsibilities of the compliance officer.
- c. Allocate resources necessary to effectively implement and administer Respondent's compliance program.
- d. Require the compliance officer to make recurring written reports to Respondent's officers and directors.
- e. Review and respond promptly to internal monitoring and external audit reports.
- f. Take prospective corrective action on each violation and recommendation listed in the Report.
- g. Revise the written compliance policy and require annual revisions and approval of changes to the compliance policy.
- h. Develop compliance related policies for each regulation applicable to Respondent.
- i. Require the review and annual approval of compliance related policies.

- j. Implement an ongoing training program to ensure that all loan officers, loan processors, and loan administrative staff receive training in all aspects of the brokering, originating, and closing of mortgage loans. The training program will include education on all applicable state and federal laws and regulations, including but not limited to, the Mortgage Brokers, Lenders, and Servicers Licensing Act; Secondary Mortgage Loan Act; Consumer Mortgage Protection Act; Mortgage Lending Practices Act; Real Estate Settlement Procedures Act; National Housing Act; Truth in Lending Act; Equal Credit Opportunity Act; Fair Credit Reporting Act; Anti-Redlining Act; Home Mortgage Disclosure Act; and applicable usury laws.
- k. Provide consumer compliance training to the management, officers, and directors of Respondent.
- l. Require the development of on going internal monitoring procedures and a monitoring schedule to ensure that Respondent's established procedures, and applicable laws and regulations are being followed. Monitoring will also include reviews of loan transactions at every level and phase during the normal, daily activities of employees in every operating unit of Respondent. The findings of all monitoring activities will be reported to the compliance officer.
- m. Require the compliance officer to prepare a schedule of requirements for each applicable consumer regulation (such as type and timing of disclosures), so that employees will be informed of the requirements that relate to their duties.

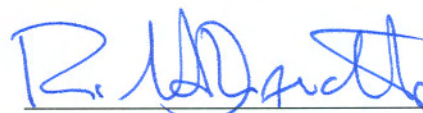
10. Within 90 days of the entry of this Order, Respondent shall develop, implement, and maintain a written Compliance Audit Program, which will be part of Respondent's Quality Control and Compliance Program. At a minimum, the Compliance Audit Program shall include internal and external audits, define the scope of the audits, identify the number or percentage of transactions sampled by category and product type, identify deficiencies or modifications, provide descriptions of or suggestions for corrective actions and time frames for corrections, and establish follow-up procedures to verify that corrective actions were implemented and effective.

11. Respondent shall educate its officers and employees involving the brokering, origination, and closing of mortgage loans on all applicable state and federal laws and regulations, including, but not limited to, the MBLSLA, Secondary Mortgage Loan Act, Federal Real Estate Settlement Procedures Act, National Housing Act, Federal Truth in Lending Act, Equal Credit Opportunity Act, Fair Credit Reporting Act, Anti-Redlining Act, and applicable

usury laws. The education shall be accomplished by requiring the officers and employees involved in the brokering, origination, closing, and servicing of mortgage loans to attend training seminars for the next 12 months at least four hours in duration every quarter. The training seminars shall be conducted by persons not employed by Respondent and with recognized experience in the mortgage industry. The instructors for the training seminars shall be varied in order to give the officers and employees a broad view of the regulation and operation of the mortgage industry. The training seminars shall include the philosophy behind the laws and regulations as well as the requirements of the laws and regulations. The training seminars may be organized by either Respondent or a local or national organization such as the Michigan Mortgage Lenders Association, the Mortgage Bankers Association of America, the Michigan Mortgage Brokers Association, or the National Association of Mortgage Brokers. The training seminars may be presented in person or through electronic means, such as the internet, video tapes, DVDs, or CD-ROMS. Respondent shall keep a record of the attendance of the officers and employees at the training seminars.

12. The Commissioner specifically retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as she shall deem just, necessary and appropriate in accordance with the provisions of the MBLSLA. Failure to abide by the terms and conditions of the Stipulation to Entry of Consent Order and this Order, may result in the commencement of additional proceedings.

IT IS SO ORDERED.



Richard D. Lavolette
Chief Deputy Commissioner